

April 29, 1996

Dear Shareholder:

The leadership of the Box Elder Creek Water Users Association (BECWUA) has recently changed. William Holt is president, Leo Walker is vice president and Marie Johnson is secretary. We also have three new board members, Alan Hebert, Marie Johnson and Brent Wyatt. It is our intentions to regulate the affairs of the association in a fair, efficient and responsible manner. There are several issues that require your attention:

1st: Brigham City does not own or regulate the Box Elder Creek irrigation waters. They own shares of irrigation water and are subject to the rules and regulations of the BECWUA just as every property owner that has a water turn is. Therefore, if a problem arises with the irrigation water or it's delivery, do not call the police, call the watermaster or a board member.

2nd: If your water ticket is not paid by the specified date you will be assessed a late fee ten dollars (\$10.00) in addition to the original cost.

3rd: If a shareholder fails to pay for his water ticket for two (2) years, the water will be available for sale to someone else.

4th: If water is available in your stream, it can be purchased for three dollars (\$3.00) per minute. Contact the secretary.

5th: Water tickets cn be mailed to:

BECWUA
P.O. Box #1 or
Cathy Bunderson
628 South 100 West
Brigham City, Utah 84302

Mrs. Bunderson's hours are Wednesday - Thursday & Friday from noon to 5:00 p.m. and on Saturdays from 8:00 a.m. to noon. Do not contact Wiggins & Company.

The Board feel we have a responsibility to keep every shareholder informed as to our discussions and actions at our board meetings and the annual meeting which is to be held at the Armory at 6:30 p.m. on May 3, 1996. Normally this annual meeting is to be held on the first of February, however we have been unavoidably delayed this year.

The BECWUA is involved in litigation originally initiated to force the former president and the former water master to leave closed a pipe that was diverting an unmeasured quantity of water, about 25% or 5 cubic feet per second, into the Main Canal that goes south through the new golf course to Perry. This is an illegal appropriation of water that deprived the North Field and A Stream of their full allotment.

BECWUA is responsible for allocating all of the irrigation water, Box Elder Creek and Pine View, which is initially divided at the two main weirs located at about 7th East and 1st South. There was, at this location, a pipe and slide gate noted as the 70 acre by-pass, which, when open resulted in the illegal diversion. W. H. Griffiths, a registered engineer and water master, noted in his 1963 report to the BECWUA that this slide gate and 70 acre by-pass was not in use with the 70 acre stream being included in the weir for the Main Canal. In the early part of 1993, the BECWUA board decided that a determination was to be made if Mr. Griffith's notation was correct. A measurement of the Main and Northfield weirs confirmed that the irrigations waters were being properly divided with the 70 acre stream included in the Main Canal. The Mayor and City Council of Brigham City are continuing to fight this illegal diversion, that deprives the Northfield and A stream of their full water allocation. As part of their obligation and in consideration of the BECWUA allowing Brigham City to capture and use the springs in Mantua, Brigham City agreed to install certain meters to record the water used by the city and to prove they returned an equal amount to the irrigators. The city did install the meters after several years but failed to maintain them and provide the BECWUA with copies of the recorded readings. In a February 7, 1996 report the city represents that they needed to furnished the irrigators 6,333 acre feet of irrigation water while claiming they made available 7,839 acre feet of exchange water. Brigham City recently installed new meters but has refused to furnish us copies of their readings for our use in verifying compliance with the 1958 agreement. The city wants us to accept their representations while attempting to prove that they are not obligated to furnish the 9,400 acre feet stipulated in the agreement. We believe it is time for the irrigators to demand compliance with the 1958 agreement or to turn the spring water back to the irrigators as provided in the agreement.

Sincerely,

A handwritten signature in black ink, appearing to read 'William Holt', is written over a horizontal line.

William Holt, President

Our inalienable right to govern without political influence.

Brigham City is a municipal corporation created to administer the internal affairs of the inhabitants who are the owners of the public's assets, property and facilities. The Mayor and City Council are obligated to promote and protect the community's general welfare and prosperity by discharging their duties with equity, honesty, integrity, constancy and devotion.

The distribution of the irrigation water was a municipal function during the 1920's and early 1930's when the city accounted for the water used by the City Lots, Perry Irrigation Co., North Big Field Water Co., West Field and the 70 Acre Field. During this period, the city acquired water rights in the Mantua valley to be exchanged for an equal amount of the irrigators water from the Halling West Spring. On February 1, 1945 Brigham City, for the benefit of the inhabitants, subscribed to 2,500 acre feet of irrigation water from the Ogden River Water Users Association as an additional source of exchange water.

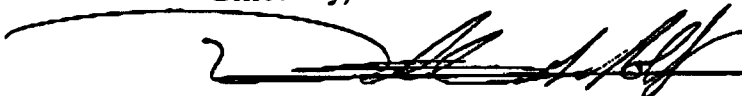
On August 1, 1934, the Box Elder Creek Water Users Association (BECWUA), with an independent Board of Directors, was organized to operate the irrigation system and distribute the water belonging to the shareholders.

On or about October 31, 1958 the BECWUA entered into an agreement with Brigham City that allowed the city to prepare for future growth by developing all of the irrigators springs in Mantua providing the city annually replaced this water with equal quantity of irrigation water, 6,900 acre feet from the Mantua Reservoir which is also used for power generation and 2,500 acre feet from Pine View, the total replacement subject to the fluctuations of the springs. This exchange of irrigation water valued today at about \$141,000 for culinary water valued at about \$1,500,000 or more was the basis for the financing of the Mantua project, the canals, pipe lines, reservoirs and appurtenant works.

The Brigham City administration is currently trying to distort and vacate this contract. It all started when officers of the BECWUA closed a pipe diverting an unmeasured quantity of water, about 20% of the total flow, about 5 cubic feet per second into the Main Canal that passes through the golf course and serves Perry. This illegal diversion was apparently done by the former president and water master at the request of the Brigham City administration. Litigation was initiated to force the former president and water master to comply with the state law that prohibits the diversion of an unmeasured quantity of water and the illegal appropriation of others water. The Mayor and City Council elected to get involved in the litigation, for reasons unknown at this time, that has cost the irrigators \$40,000 in legal fees while the Mayor and Council spend tax dollars to fight the very people they are pledged to serve. The activities of the Brigham City administration, if successful, will result in depriving all of the irrigators of 25 % of the water essential to their welfare while impacting the well being and prosperity of the community.

It is time for the public to get involved, attend the annual meeting of the BECWUA at 6:30 p.m. on May 3, 1996 at the Armory and let's put this costly affair to rest by forcing the mayor and council to recognize our sovereignty.

Sincerely,

A handwritten signature in black ink, appearing to be "John D. Hoff", written over a horizontal line.